

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 290 – SB 1155

March 27, 2018

SUMMARY OF ORIGINAL BILL: Reestablishes the TennCare Advisory Commission consisting of 15 members who should reflect the broad impact that the TennCare program has on the state of Tennessee. Requires the Commission to review the health care operations including, but not limited to, cost-management analysis, benefits, enrollment, eligibility, costs, and performance of the TennCare program and to make recommendations to the Governor regarding cost-containment strategies and cost-effective program improvements annually. Requires the review of the TennCare program to include the holding of public hearings on any proposed amendment to any federal waiver governing the provision of medical assistance under Title 71, and attention to behavioral health services and the Long Term Care Community Choices Act of 2008. Prohibits the submission of any amendment to any federal waiver governing the provision of medical assistance under Title 71 to any agency of the federal government unless the Commission has been afforded 30 days in which to hold a public hearing on the proposed waiver before submission. Any waiver failing to receive the opportunity to hold such public hearing before submission to an agency of the federal government shall be void and of no effect. Members will not receive compensation for their services on the Commission but can be reimbursed for travel expenses. Adds the Commission to the sunset cycle provisions under the *Tennessee Governmental Entity Review Law*, thereby creating a termination date for the Commission of June 30, 2019.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$1,900/Each One-Day Meeting

SUMMARY OF AMENDMENTS (006257, 016140): Amendment 006257 deletes all language after the enacting clause. Reestablishes the TennCare Advisory Commission consisting of 21 members who should reflect the broad impact that the TennCare program has on the state of Tennessee. The 21 members will be appointed by Speaker of the House of Representatives and the Speaker of the Senate; 8 members will be legislative members, 12 members will be from the industry, and one will be a nonvoting ex officio member designee of the Commissioner of Finance and Administration. Requires the Commission to review the health care operations, including but not limited to, cost-management analysis, benefits, enrollment, eligibility, costs, and performance of the TennCare program annually. Authorizes the Commission to employ staff. Requires the review of the TennCare program to include the holding of public hearings on any proposed amendment to any federal waiver governing the provision of medical assistance under Title 71, and attention to behavioral health services and the

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Long Term Care Community Choices Act of 2008. Prohibits the submission of any application for an amendment to any federal waiver governing the provision of medical assistance under Title 71 or the Title XIX state plan to any agency of the federal government unless the Commission has been afforded 30 days in which to hold a public hearing on the proposed waiver before submission. Any waiver application failing to receive the opportunity to hold such public hearing before submission to an agency of the federal government shall be void and of no effect. Requires the Commission to meet quarterly to perform certain duties. Adds the Commission to the sunset cycle provisions under the *Tennessee Governmental Entity Review Law*, thereby creating a termination date for the Commission of June 30, 2019.

Amendment 016140 updates various dates within amendment 006257.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures - \$127,200

Increase Federal Expenditures - \$119,000


Assumptions for the bill as amended:

- Public Chapter 673 of Public Acts of 2004 created the TennCare Advisory Commission.
- Based on information from the Bureau of TennCare, the TennCare Advisory Commission never convened; therefore, no expenditures were incurred relative to operation of the Commission.
- The Commission will consist of 21 members who will reflect the broad impact that the TennCare program has on the state consisting of 8 legislative members, 12 industry members and 1 ex officio member.
- The Commission will be attached to the office of the Comptroller of the Treasury (Comptroller) for administrative purposes.
- The Comptroller cannot accommodate the administrative duties within existing resources. One support staff and one Attorney 3 position will be required.
- The recurring increase in state expenditures associated with the Support Staff position is estimated to be \$77,857 (\$47,616 salary + \$14,826 benefits + \$15,415 operational cost).
- The recurring increase in state expenditures associated with the Attorney 3 position is estimated to be \$118,130 (\$76,308 salary + \$19,586 benefits + \$22,236 operational costs).
- The recurring increase in state expenditures associated with contracting with a vendor for the Comptroller to have access to the TennCare systems for analysis is estimated to be \$30,000.
- The recurring increase in state expenditures associated with hearings, advertising, training, printing and other meetings expenses is estimated to be \$12,000 (\$1,700 hearings + \$1,300 advertising + \$1,700 training + \$5,000 printing + \$2,300 other meeting expenses).

- The total recurring increase in expenditures associated with the operations of the Council is estimated to be \$237,987 (\$77,857 + \$118,130 + \$30,000 + \$12,000).
- According to the Bureau of TennCare, these expenditures will be billed back to the Bureau and receive Medicaid administrative matching funds at a rate of 50 percent federal funds to state funds based on historical precedent. Should the Centers for Medicare and Medicaid Services (CMS) reject approval of the associated expenditures, all funds will be state funds within the Bureau of TennCare's budget.
- The recurring increase in state expenditures is estimated to be \$118,993.50 (\$237,987 x 50.0%).
- The recurring increase in federal expenditures is estimated to be \$118,993.50 (\$237,987 x 50.0%).
- It is assumed one of the meetings will take place during the legislation session when members of the General Assembly receive a daily per diem; therefore, it is estimated additional travel expenses for legislative members will be required for three meetings.
- The increase in state expenditures associated with travel expenses for legislative members is estimated to be \$985 (\$0.47 per mile x 262 miles x 8 members).
- The increase in state expenditures associated with per diem for legislative members is estimated to be \$1,760 (\$220 per diem x 8 members).
- The increase in expenditures associated with per diem and travel for the legislative members is estimated to be \$2,745 (\$985 + \$1,760).
- Assuming at least three meetings per year, the total recurring increase in state expenditures associated with the legislative members per diem and travel is estimated to be \$8,235 (\$2,745 x 3).
- It is assumed non-legislative members of the commission will not receive compensation or travel reimbursement for their service.
- The Comptroller of the Treasury, the Division of Audit, will accommodate any additional auditing responsibilities as a result of the addition of the Council to the statutory sunset provisions utilizing existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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